



FLORIDA DEPARTMENT OF EDUCATION

Office of Inspector General

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Florida Alliance for Assistive Services and Technology, Inc.

SUMMARY

The Office of Inspector General (OIG) completed an audit of contract administration by the Division of Vocational Rehabilitation (DVR) and compliance by the Florida Alliance for Assistive Services and Technology, Inc. (FAAST). We audited four state and federally funded contracts. These contracts were awarded to provide assistive technology services for disabled citizens of Florida.

We evaluated the FAAST program to determine whether adequate internal controls are in place to ensure the delivery of assistive technology services, according to applicable laws, rules, regulations, policies and procedures. We determined that appropriate controls are in place to ensure delivery of assistive technology. The OIG offers three findings and associated recommendations to improve contract compliance and a comment for management consideration.

Summary of Findings and Recommendations

Generally, FAAST has complied with terms of the contracts. For example, the following itemized deliverables were provided in a timely manner and some exceeded targets:

- Production and distribution of informational magazines;
- Public awareness activities;
- Provision of equipment loans and purchase of other technology devices;
- Expansion of device reutilization;
- Expansion of device demonstrations; and
- Monitoring of regional demonstration centers.

Quarterly invoices were submitted with supporting documentation and correctly reflected payments for itemized deliverables; quarterly budget reconciliation reports with itemized expenditure report were detailed in the general ledger; quarterly progress reports were detailed and complete; and annual performance reports were completed as required. All documents were submitted in accordance with projected dates specified in the contract payment terms and schedule.

FAAST personnel files were complete and indicated all staff met the minimum requirements of their positions.

The following conditions deviated from full contract compliance:

1. Six FAAST employees did not have completed background checks.
2. DVR should schedule monitoring of contracts 11-100 and 11-101.
3. The FAAST executive director's travel documents did not have an official authorizing signature. However, travel was authorized by email.

We recommend that DVR management:

- Require FAAST to conduct appropriate background checks of potential employees prior to employment.
- Schedule and conduct annual monitoring reviews of contracts 11-100 and 11-101.

- Advise FFAST management to ensure that the executive director's travel documents contain an authorizing signature by electronic or similar means.

BACKGROUND

FAAST was created in 1992 to provide consumer responsive, technology-related assistance and services for Florida citizens with disabilities of all ages. On October 20, 1994, FFAST was incorporated in Florida and became a not-for-profit, 501(c)(3) organization. The Assistive Technology Advisory Council acts as the Board of Directors, manages the project, and provides administrative and technical support to FFAST. FFAST is funded by the U.S. Department of Education, Rehabilitation Services Administration (RSA), through the Assistive Technology Act of 2004 and the State of Florida Department of Education, Division of Vocational Rehabilitation, private foundations and individuals. DVR disburses funds to FFAST in accordance with contract terms and conditions. The following contracts were audited:

- State funded contracts were #10-143, SFY 2009/2010 (fixed rate) and #11-100 (and its amendments), SFY 2010/2013 (cost reimbursement) for \$444,415, each; and
- Federal funded contracts were #10-144, FFY 2009/2010, for \$982,554 (fixed rate) and #11-101 FFY2010/2013 - \$660,265 (cost reimbursement).

AUDIT RESULTS: FINDINGS AND RECOMMENDATIONS

FINDING 1

Six FFAST employees did not have completed background checks.

We examined eight FFAST personnel files. At the time of our field work, six out of the eight employees did not have completed background checks.

FAAST policy A-4 requires a Florida Department of Law Enforcement Level II background screening on all grant-funded employees. Non-compliance with this policy increases the risk of hiring inappropriate individuals.

On August 30, 2011, the FFAST executive director forwarded copies of completed background checks for the six staff after being informed of this finding.

RECOMMENDATION

DVR should take steps to help ensure that all contractors conduct appropriate background checks of prospective employees prior to employment.

DVR Response:

The contractor forwarded copies of the receipts for FDLE background checks on the six staff. In addition, the contractor's employment application process and Personnel Manual has a policy of background checks which has been adhered to since it was created in 2008.

Also, per Attachment C – Standard Terms and Conditions II.C.3., the Contractor agrees:

To provide access to and, at the request of DOE/DVR, to furnish whatever information is deemed necessary by DOE/DVR to be assured of satisfactory performance of the terms and conditions of the Contract/Recipient Agreement. This includes access to financial reports, personnel and personnel work records. Any written comments from DOE/DVR to the Contractor/Recipient regarding deficiencies in Contractor's/Recipient's performance must be responded to by the Contractor/Recipient within the time specified in such comments or within thirty (30) days if not specified. The Contractor/Recipient shall either rectify such deficiencies or supply a reasonable written justification for not correcting such deficiencies.

DVR will require that FFAST, as a condition of hiring future employees, forward the DVR Contract Manager background checks of any potential hires. The DVR Contract Manager must respond, via e-mail, of the receipt of the

background check before FFAST can offer the position.

FINDING 2

DVR should schedule monitoring of contracts 11-100 and 11-101.

DVR conducted a review of FFAST in 2009, and issued two reports on August 7, 2009. A follow-up review report was issued on April 13, 2010. The DVR contract manager issued two monitoring reports related to contract 10-143 and contract 10-144 on August 13, 2010. At the time of our audit, monitoring has not been scheduled regarding contracts 11-100 and 11-101.

Attachment A, Part I, Section F. 5 of contract #11-100 states that monitoring is to be conducted based on an annual monitoring schedule.

Performance of scheduled contract monitoring helps to identify problems in contract activities and present opportunities to correct them.

This finding should not be interpreted to imply that DVR is tardy in its monitoring efforts regarding this contractor. We simply want to emphasize the importance of regular monitoring as a strong internal control.

RECOMMENDATION

Schedule and perform monitoring reviews of contracts 11-100 and 11-101.

DVR Response:

The Contract Manager will work with the Monitoring Section to schedule and perform monitoring reviews of the contracts annually. The OIG will be notified once dates have been established.

FINDING 3

The FFAST executive director’s travel documents did not have an official authorizing signature.

Examination of FFAST travel documents revealed that the executive director’s travel

requests and reimbursements were approved via emails by a FFAST board official. The approving official is located at some distance from FFAST headquarters where the executive director is located.

The Reference Guide for State Expenditures, published by Florida Department of Financial Services states: “The traveler and the official authorizing the travel must sign the travel voucher either manually or by electronic means. Travel vouchers.....must contain original signatures in written or electronic form.”

Adequate authorization of travel expense activities is an effective internal control and may be obtained by electronic means.

Section 668.003 (4) defines “electronic signature” as any letters, characters, or symbols manifest by electronic or similar means, executed or adopted by a party with an intent to authenticate a writing. A writing is electronically signed if an electronic signature is logically associated with such writing.

RECOMMENDATION

DVR should advise FFAST management to ensure that the executive director’s travel documents contain an authorizing signature by electronic or similar means.

DVR Response:

This issue was addressed with the contractor. The Board Treasurer will sign to approve the executive director’s travel requests and reimbursements in the future.

MANAGEMENT COMMENT

We observed an issue which we do not consider a finding but provide for management consideration:

FFAST purchased bottled water with contract funds for \$477.50, during period July 1, 2009 through June 30, 2010, and \$534.50 during the period July 1, 2010 through June 30, 2011. The executive director explained that the water was for the use of clients and a staff member with a medical condition.

Per rule 3A-40.103, F.A.C., expenditures from state funds for items such as bottled water is unallowable unless expressly provided by law.

OIG staff advised FFAST executive director that this issue would be discussed with DVR management to decide whether this cost is allowable.

DVR Response:

DVR Legal Council was contacted regarding this issue. Their response follows:

“The question that arises is whether a failure to provide bottled water to individuals with disabilities while visiting FFAST’s Northwest Regional Demonstration Center is discriminatory. The answer is that it may be. Section 504(a) of the Rehabilitation Act provides that “no otherwise qualified individual with a disability in the United States ... shall, solely by reason of his or her disability, be excluded from participation in, or be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal assistance” Subsection 12182(b)(2)(iii) of the ADA provides that discrimination by private entities includes “a failure to take such steps as may be necessary to insure that no individual with a disability is excluded, denied services, segregated or otherwise treated differently than other individuals because of the absence of auxiliary aids and services”

There is a drinking fountain in the building FFAST occupies. Though not within FFAST’s particular space, it is described as being reasonably accessible. If, additionally, FFAST is to purchase bottled water, then it will assume an administrative responsibility to make it available to qualified individuals as a reasonable accommodation and not to others. With this restriction, the amount of past bottled water purchases may not be justifiable in the future.”

On November 3, 2011 the FFAST Executive Director was notified of this decision. The Executive Director agreed they will not use contracted funds to purchase bottled water. If the contractor bills for bottled water, DVR will extract that amount from the invoice.

OBJECTIVES AND SCOPE

The objectives of the audit were to determine whether:

1. The contracts are effectively managed and monitored to ensure compliance;
2. Payments are made in accordance with contract terms and conditions;
3. Internal controls are adequate to prevent fraud and abuse and assure compliance with laws, regulations, policies, and procedures; and
4. Financial records, including the cost allocation plan, budget reconciliation reports, and expenditures are in compliance with contract guidelines and related OMB circulars.

The scope of the audit included activities during the time period of July 1, 2009 through June 30, 2011.

METHODOLOGY

This audit was conducted in accordance with *The International Standards for the Professional Practice of Internal Auditing*, published by the Institute of Internal Auditors.

To achieve these standards, audit staff:

- Examined contract documents and amendments;
- Reviewed applicable laws, rules and regulations, policies and procedures;
- Interviewed the appropriate DVR staff and reviewed monitoring reports;
- Interviewed the appropriate FFAST staff;
- Examined the following FFAST documentation for time period of July 1, 2009 through June 30, 2011:
 - Quarterly invoices with supporting documentation and payment dates;

- Quarterly progress reports detailing number of activities or deliverables achieved including executive summaries of activities completed for the quarter;
- Quarterly budget reconciliation reports with itemized expenditures;
- Annual performance reports where applicable;
- Personnel policies and procedures;
- Accounting policies and procedures;
- Board of directors meeting minutes; and
- Sub-recipient monitoring reports.

CLOSING COMMENTS

The Office of the Inspector General would like to recognize and extend its gratitude to management and staff of FFAST and DVR's Contracting Section for their assistance and cooperation during the course of this audit.